

► **Closing entries.**

The ledger accounts of Rapid Speed Internet Company appear as follows on March 31, 2013:

ACCOUNT NO.	ACCOUNT	BALANCE
101	Cash	\$70,000
111	Accounts Receivable	15,000
121	Supplies	9,600
131	Prepaid Insurance	24,000
141	Equipment	108,000
142	Accumulated Depreciation—Equipment	40,320
202	Accounts Payable	12,000
301	Gloria Bahamon, Capital	120,000
302	Gloria Bahamon, Drawing	12,000
401	Fees Income	325,000
510	Depreciation Expense—Equipment	20,160

511	Insurance Expense	10,400
514	Rent Expense	32,000
517	Salaries Expense	156,000
518	Supplies Expense	4,600
519	Telephone Expense	5,800
523	Utilities Expense	8,400

All accounts have normal balances. Journalize and post the closing entries. Use 4 as the page number for the general journal in journalizing the closing entries. Use account number 399 for the Income Summary Account.

Adjusting and closing entries.

Economic Research Associates, owned by Paul Harris, is retained by large companies to test consumer reaction to new products. On January 31, 2013, the firm's worksheet showed the following adjustments data: (a) supplies used, \$2,240; (b) expired rent, \$12,000; and (c) depreciation on office equipment, \$4,480. The balances of the revenue and expense accounts listed in the Income Statement section of the worksheet and the drawing account listed in the Balance Sheet section of the worksheet are given below:

REVENUE AND EXPENSE ACCOUNTS

401 Fees Income	\$90,000 Cr.
511 Depr. Expense—Office Equipment	4,480 Dr.
514 Rent Expense	12,000 Dr.
517 Salaries Expense	48,500 Dr.
520 Supplies Expense	2,240 Dr.
523 Telephone Expense	1,250 Dr.
526 Travel Expense	10,290 Dr.
529 Utilities Expense	1,150 Dr.

DRAWING ACCOUNT

302 Paul Harris, Drawing	10,000 Dr.
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INSTRUCTIONS

1. Record the adjusting entries in the general journal, page 3.
2. Record the closing entries in the general journal, page 4.

Analyze: What closing entry is required to close a drawing account?

6.3.B

Journalizing and posting closing entries.

On December 31, after adjustments, The Taylor Family Farm's ledger contains the following account balances.

101 Cash	\$171,000 Dr.
111 Accounts Receivable	43,200 Dr.
121 Supplies	18,000 Dr.
131 Prepaid Rent	138,600 Dr.
141 Equipment	216,000 Dr.
142 Accumulated Depreciation—Equip.	5,400 Cr.
202 Accounts Payable	58,500 Cr.
301 James Taylor, Capital (12/1/2013)	344,700 Cr.
302 James Taylor, Drawing	21,600 Dr.
401 Fees Income	324,000 Cr.
511 Advertising Expense	19,800 Dr.
514 Depreciation Expense—Equip.	5,400 Dr.
517 Rent Expense	12,600 Dr.
519 Salaries Expense	64,800 Dr.
523 Utilities Expense	21,600 Dr.

INSTRUCTIONS

1. Record the balances in the ledger accounts as of December 31.
2. Journalize the closing entries in the general journal, page 4. Use account number 399 for the Income Summary Account
3. Post the closing entries to the general ledger accounts.

Analyze: List the accounts affected by closing entries for the month of December.